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EXECUTIVE SECRETARIAT

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17	Asst/DCI	<i>D</i>			
18	AO/DCI				
19	Mr. Knoche		X		
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MR. NESSEN: Let me get back on the track ~~here~~.
What are we talking about now?

All right, after this interview the President is going to visit briefly with Ambassador Albert B. Fay, who is the American Ambassador to Trinidad and Tobago.

Q Where is he from, Ron?

MR. NESSEN: He is a Houston businessman. (Laughter)

Q Is he a registered Republican?

MR. NESSEN: He may be.

However, the briefing paper which is prepared by the NSC indicates that this is a serious foreign policy discussion with the Ambassador.

Q Ron, how many members are appointed to the Commission on the Executive Exchange by the President? They come from States which have not had the primary? (Laughter)

MR. NESSEN: I don't even know who they are. I didn't look at that thing.

Shortly, the President is going to accept an award from the Big Brothers of America. It is actually the Big Brothers of the Year Award, I believe. That can be covered if you would like.

The Vernon Walters resignation, I understand there have been some questions about it today since it was not spelled out all that fully in the announcement.

Q All that fully?

MR. NESSEN: What basically has transpired is that when George Bush took over as CIA Director, which I believe was January or February, Vernon Walters submitted -- well, let me go back one step. Vernon Walters was scheduled to retire from the Army after 35 years service last September. He was given an extension in order that he could continue to serve during the transition period to George Bush. When George came aboard, which was January or February, Vernon Walters submitted his resignation and said, you know, I am overdue to get out of the Army now and I know you want to pick your own team, so George said, no, I would like you to stay on at least until we get squared away. So Vernon Walters had stayed on.

Now the new date of his retirement from the Army is June 30. George has found a Deputy that needs to be nominated now so that he can go through the Congressional confirmation process and be confirmed before June 30, which is the next retirement date of Vernon Walters from the Army.

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The letter of resignation that was submitted by Vernon Walters in January and the President's responding letter will be published shortly, but just to tell you, the President does have very high regard and so does George Bush for General Walters and they have a high regard for the job he has done at the CIA and for his country, and, in fact, Vernon Walters indicated that he would be happy to continue to serve in whatever capacity the President wanted him to, and that is being considered by the President.

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Q Ron, are you saying the President held that letter of resignation from January until today?

MR. NESSEN: That is correct.

Q Did he ever give any indication to Walters whether it would be accepted or not?

MR. NESSEN: No. As I say, it was held because originally George Bush said, "No, I don't want you to leave now, I want you to stay," and during this transition period and while George Bush was building his own team and that has been done now.

Q Well, Ron, was that letter given to Bush in January or to the President?

MR. NESSEN: Well, my understanding is it was given to Bush for transmittal to the President.

Q So he never transmitted it to the President until today?

MR. NESSEN: No. That is the normal process.

Q That is what happened right?

MR. NESSEN: That is my understanding of what happened, that is correct.

Q When was the letter delivered to the President?

MR. NESSEN: I don't know exactly.

Q This morning?

MR. NESSEN: No, no, certainly not. Before that.

Q Are you sure?

MR. NESSEN: Yes, I am sure.

Q Will he be given a medal like Colby was?

MR. NESSEN: I don't know that, Bob.

Q If so, will that be an open ceremony? (Laughter)

MR. NESSEN: All right. Let's work our way through here now.

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Q Ron, let me ask you about Walters' successor. Does the President have strong feelings about not putting a military man in that Deputy Director role?

MR. NESSEN: Does he have strong feelings about not doing it?

Q Yes. He is putting a civilian into a job that has, by tradition, been filled by a military man with some exceptions, of course.

MR. NESSEN: Well, this is clearly the person that George Bush wants for his deputy.

Q So Bush is filling the job and the President is submitting the nomination.

MR. NESSEN: No, Bush has recommended this gentleman.

Q Ron, what part in the appointment of Mr. Knoche does, one, his experience in the day-to-day operations of the agency play since he is going to be running the day-to-day operations and, two, the morale factor within the agency concerning a career diplomat.

MR. NESSEN: I am not that familiar with the background on this but Doug Bennett can help you further with it.

Q Ron, is there some reason why the President didn't ask Walters to stay on even though he was getting out of the Army?

MR. NESSEN: Well, as I say, his 35-year period was up last September. It was extended once to June and he had indicated his feeling that he wanted to retire.

Q Could he not have stayed on on the job in a civilian capacity?

MR. NESSEN: George Bush wanted to build his own team and indicated that to Vernon Walters last January. In fact, it really came more the other way, that Vernon Walters said, "I know you want to put your own team here at the CIA and so I am submitting my resignation," and George urged him to stay on for a period.

Q I am a little puzzled by your use of the term "resignation" when I was just told by a CIA spokesman that in fact it is the incorrect term, that he is retiring from the Army and that no resignation is involved.

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MR. NESSEN: I have been trying to make that point here this morning.

Q Well, is he retiring from the Army or is he resigning from the CIA? That is all I am asking.

MR. NESSEN: Both. But the retirement from the Army is the sort of motivating force behind his resignation from the CIA job, as I understand it.

Q Could he not retire from the Army and remain in that spot at the CIA?

MR. NESSEN: Technically he could, yes. That is what I mentioned to Dick, but, you know, he recognizes and did in January when he originally submitted his resignation or announced his retirement that George Bush wants to build his own team at the CIA.

All right. Now I think Frank Zarb has straightened out the stories about whether the FEA is going out of business. Does anybody have anything remaining on that?

Q I have a question about something else Zarb said yesterday.

MR. NESSEN: Yes?

Q He said there is an increasingly great chance of another Arab oil embargo. I just came from a press conference with Zarb, and when he was asked, "Are you basing this on any particular classified intelligence information that you have as a member of the energy councils of Government," he said, "Well, I do get reports from time to time," but he was not any more specific.

MR. NESSEN: I don't know what specifically he based that on other than perhaps the feeling of tensions in the Middle East and so forth. I don't know of any specific event that caused Frank to say that.

Q Did you ever answer my question on the cruise missile yesterday? Was the President making an announcement?

MR. NESSEN: I didn't get an answer to that, Walt. I am sorry.

Q There is a story coming out of State today which differs somewhat with your version yesterday on the status of SALT talks. The story coming out of State suggests, as my question implied yesterday, that indeed the SALT talks have been put on the back burner, or I think the story was on ice for all this year, this being a political year, and you said they were continuing.

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